

# **Hartford Township Van Buren County, Michigan**

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**Financial Report  
with Additional Information**

**March 31, 2003**

# Hartford Township

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Independent Auditor's Report

Members of the Township Board  
Hartford, Michigan

We have audited the accompanying general purpose financial statements of Hartford Township, as of March 31, 2003 and for the year then ended as listed in the table of contents. These general purpose financial statements are the responsibility of the Hartford Township management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the General Fixed Assets Account Group that should be included to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the General Fixed Assets Account Group is not known.

In our opinion, except for the effect on the financial statements of the omission as described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Hartford Township as of March 31, 2003 and the results of its operations and cash flows of its nonexpendable trust fund type for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Plante & Moran, PLLC*

December 16, 2003

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# Hartford Township

## Combined Balance Sheet – All Fund Types March 31, 2003

	Governmental Fund Types		Fiduciary Fund Type	
	General	Special Revenue	Trust and Agency	Total
<b>Assets</b>				
Cash and cash equivalents (Note 2)	\$ 307,274	\$ 202,620	\$ 56,331	\$ 566,225
Due from other funds (Note 3)	3,082	-	-	3,082
Delinquent taxes receivable (Note 4)	7,801	9,223	-	17,024
Total assets	<b>\$ 318,157</b>	<b>\$ 211,843</b>	<b>\$ 56,331</b>	<b>\$ 586,331</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 37,752	\$ -	\$ -	\$ 37,752
Accrued liabilities	2,008	-	-	2,008
Due to other funds (Note 3)	-	-	3,082	3,082
Due to other governmental units	-	-	28,319	28,319
Total liabilities	39,760	-	31,401	71,161
<b>Fund Balances</b>				
Reserved for Cemetery Perpetual Care	-	-	24,930	24,930
Unreserved	278,397	211,843	-	490,240
Total fund balances	278,397	211,843	24,930	515,170
Total liabilities and fund balances	<b>\$ 318,157</b>	<b>\$ 211,843</b>	<b>\$ 56,331</b>	<b>\$ 586,331</b>

# Hartford Township

## Combined Statement of Revenue, Expenditures and Changes in Fund Balances – General and Special Revenue Fund Types Year Ended March 31, 2003

	Governmental Fund Types		
	General	Special Revenue	Total
<b>Revenue</b>			
Property taxes	\$ 56,908	\$ 67,222	\$ 124,130
State sources	280,976	1,004	281,980
Licenses and permits	12,832	-	12,832
Charges for services	16,177	-	16,177
Interest and dividends	5,017	-	5,017
Other	13,577	-	13,577
Total revenue	385,487	68,226	453,713
<b>Expenditures</b>			
General government	126,156	-	126,156
Public safety	84,674	-	84,674
Highways and streets	-	164,543	164,543
Other	67,804	749	68,553
Total expenditures	278,634	165,292	443,926
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	106,853	(97,066)	9,787
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	65,664	65,664
Transfers out	(65,664)	-	(65,664)
Total other financing sources (uses)	(65,664)	65,664	-
<b>Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures and Other Uses</b>	41,189	(31,402)	9,787
<b>Fund Balances - Beginning of year</b>	237,208	243,245	480,453
<b>Fund Balances - End of year</b>	<b>\$ 278,397</b>	<b>\$ 211,843</b>	<b>\$ 490,240</b>

# Hartford Township

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenue</b>			
Property taxes	\$ 58,627	\$ 56,908	\$ (1,719)
State sources	280,976	280,976	-
Licenses and permits	12,686	12,832	146
Charges for services	15,925	16,177	252
Interest and rent	2,450	5,017	2,567
Other	15,774	13,577	(2,197)
Total revenue	386,438	385,487	(951)
<b>Expenditures</b>			
General government	132,654	126,156	6,498
Public safety	84,673	84,674	(1)
Highways and streets	-	-	-
Other	69,627	67,804	1,823
Total expenditures	286,954	278,634	8,320
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	99,484	106,853	7,369
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
Transfers out	(60,000)	(65,664)	(5,664)
Total other financing sources (uses)	(60,000)	(65,664)	(5,664)
<b>Excess of Revenue and Other Sources Over Expenditures and Other Uses</b>	39,484	41,189	1,705
<b>Fund Balances - Beginning of year</b>	237,208	237,208	-
<b>Fund Balances - End of year</b>	<b>\$ 276,692</b>	<b>\$ 278,397</b>	<b>\$ 1,705</b>

**Combined Statement of Revenue, Expenditures and  
Changes in Fund Balances – Budget and Actual –  
General and Special Revenue Funds  
Year Ended March 31, 2003**

Special Revenue Funds		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 69,328	\$ 67,222	\$ (2,106)
950	1,004	54
-	-	-
-	-	-
2,032	-	(2,032)
-	-	-
72,310	68,226	(4,084)
-	-	-
-	-	-
158,879	164,543	(5,664)
852	749	103
159,731	165,292	(5,561)
(87,421)	(97,066)	(9,645)
60,000	65,664	5,664
-	-	-
60,000	65,664	5,664
(27,421)	(31,402)	(3,981)
243,245	243,245	-
<b>\$ 215,824</b>	<b>\$ 211,843</b>	<b>\$ (3,981)</b>

## Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township conform to generally accepted accounting principles as applicable to governmental units except that the Township does not maintain a General Fixed Assets Account Group. The following is a summary of the significant accounting policies:

**Reporting Entity** – The Township is governed by an elected five-member Board of Trustees. As required by generally accepted accounting principles, these financial statements present the Township of Hartford. In accordance with generally accepted accounting principles, there are no component units to be included in these financial statements.

**Fund Accounting** – The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The various funds are grouped, in the combined financial statements in this report, into generic fund types in two broad fund categories as follows:

### Governmental Funds

**General Fund** – The General Fund contains the records of the ordinary activities of the Township that are not accounted for in another fund. General Fund activities are financed by revenues from general property taxes, state-shared revenues and other sources.

**Special Revenue Funds** – Special Revenue Funds are used to account for the proceeds of earmarked revenues or financing activities requiring separate accounting because of legal or regulatory provisions.

### Fiduciary Funds

**Trust and Agency Funds** – Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include the Cemetery Trust Fund and the Agency Funds. The Cemetery Trust Fund is a non-expendable trust fund and is accounted for in the same manner as proprietary funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.



## Note 1 – Summary of Significant Accounting Policies (Continued)

**Basis of Accounting** – The accrual basis of accounting is used by the Cemetery Trust Fund. All Governmental Funds and Agency Funds utilize the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

- a. Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned. Other revenue is recorded when received.

Properties are assessed as of December 31. The related property taxes are billed and become a lien on December 1 of the following year.

- b. Payments for inventorable types of supplies are recorded as expenditures at the time of purchase.
- c. Normally, expenditures are not divided between years by the recording of prepaid expenses.

**Cash Equivalents** – For purposes of the statement of cash flows, the Cemetery Trust Fund (Nonexpendable Trust Fund) considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Fixed Assets** – The Township does not maintain a record of its general fixed assets.

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Memorandum Only Totals** – The total data presented is the aggregate of the fund types and is presented for analysis purposes only. No consolidating or other eliminations were made in arriving at the totals; therefore, they do not present consolidated information.

Other accounting policies are disclosed in other notes to financial statements.

### Note 2 – Deposits

The Township's deposits at March 31, 2003 included on the balance sheet totaled \$566,225.

**Deposits** – The above deposits were reflected in the accounts of the bank (without recognition of checks written but not cleared or deposits in transit) at \$984,807. Of that amount, \$200,000 was covered by federal depository insurance and \$784,807 was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution it deposits Township funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

### Note 3 – Interfund Receivables

At March 31, 2003, interfund receivables consisted of the following:

General Fund	
Fiduciary Funds	\$ <u>3,082</u>

### Note 4 – Property Taxes Receivable

The delinquent real property taxes of the Township are purchased by the County of Van Buren. The County intends to sell tax notes, the proceeds of which will be used to pay the Township for these property taxes. It is anticipated this will take place in May 2003. These taxes have been recorded as revenue for the year ended March 31, 2003.

### Note 5 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for all these types of claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

### Note 6 – Budget Information

The annual budget is prepared by the Township Treasurer on behalf of the Township Supervisor and adopted by the Township Board; subsequent amendments are approved by the Township Board. Unexpended appropriations lapse at year-end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at March 31, 2003 has not been calculated.

The budget has been prepared in accordance with generally accepted accounting principles. The budget statement (combined statement of revenues, expenditures and changes in fund balances – budget and actual – general and special revenue fund types) is presented on the same basis of accounting used in preparing the adopted budget.

The budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted is a violation of Michigan law. A comparison of actual results of operations to the General Fund budget as adopted by the Township Board is included in additional information. This comparison includes expenditure budget overruns. A comparison of the actual results of operations to the Special Revenue Funds budgets as adopted by the Township Board is available at the clerk's office for inspection.

Significant budget overruns during the year ended March 31, 2003 were as follows:

	<u>Budget</u>	<u>Actual</u>
General Fund		
Transfers Out	\$ 60,000	\$ 65,664
Special Revenue Fund		
Expenditures	\$ 158,879	\$ 164,543

### Note 7 – Defined Contribution Retirement Plan

The Township has a defined contribution pension plan covering the members of the Township Board and the sexton. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the Township Board, the Township contributes a set amount based on the participant's annual compensation. The Township did not make contributions during the current year. The plan is fully vested after twenty months of service.

### Note 8 – Joint Ventures

The Township, along with the City of Hartford, is a member of the Hartford Fire Board. If the Fire Board were ever dissolved, the net assets would be shared on a prorata basis as follows: 50% to Hartford Township and 50% to City of Hartford. However, the Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

The Fire Board is governed by an administrative board of five members consisting of two members each from both the Township of Hartford and the City of Hartford. A fifth member is chosen by the other four appointees.

Complete financial statements for the Fire Board can be obtained from the City of Hartford Mayor's office.

### Note 9 – Construction Code Fees

The Township oversees building construction, in accordance with the state's construction code act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the activity since January 1, 2000 is as follows:

Balance - March 31, 2002		\$	(194)
Building permit revenue			11,616
Related expenses:			
Direct costs	10,985		
Estimated indirect costs	437		
Total construction code expenses			11,422
Balance - March 31, 2003		\$	-

## **Note 10 – Upcoming Reporting Change**

For the year beginning April 1, 2004, the Township plans to adopt GASB Statement Number 34. This will dramatically revise the information being reported in these statements. Governmental activities will report information by individually significant fund, as well as in total on the full accrual basis of accounting. Information is not available to present pro-forma data that would show the effect of this future change.

## **Note 11 – Subsequent Events**

After year end, the Township Board approved road improvement expenditures totaling approximately \$200,000. The expenditures will be made out of County Road Commission and existing Township funds.

## **Additional Information**

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Members of the Township Board  
Hartford Township, Michigan

We have audited the financial statements of Hartford Township for the year ended March 31, 2003. Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The additional information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Hartford Township. This information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Plante & Moran, PLLC*

December 16, 2003

# Hartford Township

## General Fund Schedule of Revenue – Budget and Actual Year Ended March 31, 2003

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Taxes</b>			
Current	\$ 33,721	\$ 33,721	\$ -
Delinquent	6,783	5,501	(1,282)
Administration	<u>18,123</u>	<u>17,686</u>	<u>(437)</u>
Total taxes	58,627	56,908	(1,719)
<b>State Shared Revenues</b>	280,976	280,976	-
<b>Licenses and Permits</b>	12,686	12,832	146
<b>Charges for Services</b>			
Cemetery	15,925	15,925	-
Driveway culverts	<u>-</u>	<u>252</u>	<u>252</u>
Total charges for services	15,925	16,177	252
<b>Interest and Rent</b>	2,450	5,017	2,567
<b>Other</b>	<u>15,774</u>	<u>13,577</u>	<u>(2,197)</u>
Total revenues	<u>\$ 386,438</u>	<u>\$ 385,487</u>	<u>\$ (951)</u>



# Hartford Township

## General Fund Schedule of Expenditures – Budget and Actual Year Ended March 31, 2003

	Budget	Actual	Variance Favorable (Unfavorable)
<b>General Government</b>			
Legislative	\$ 32,240	\$ 42,351	\$ (10,111)
Township Supervisor	18,152	17,153	999
Elections	10,710	9,714	996
Assessor	3,562	3,562	-
Clerk	17,185	16,546	639
Board of Review	1,513	1,515	(2)
Treasurer	12,676	11,678	998
Buildings and grounds	12,188	7,672	4,516
Planning and zoning	24,428	15,965	8,463
Total general government	132,654	126,156	6,498
<b>Public Safety</b>			
Fire department	73,198	73,198	-
Building inspections	6,195	6,195	-
Ambulance	490	491	(1)
Electrical inspections	2,710	2,710	-
Mechanical inspections	2,080	2,080	-
Total public safety	84,673	84,674	(1)
<b>Other</b>			
Cemetery	58,880	57,448	1,432
Drains	3,782	3,783	(1)
Road committee	80	79	1
Insurance	6,885	6,494	391
Total other	69,627	67,804	1,823
Total expenditures	<u>\$ 286,954</u>	<u>\$ 278,634</u>	<u>\$ 8,320</u>

# Hartford Township

## Special Revenue Funds Combining Balance Sheet March 31, 2003

	Road	Cemetery Maintenance Memorial	Liquor Enforcement	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 186,156	\$ 3,662	\$ 12,802	\$ 202,620
Delinquent taxes receivable	9,223	-	-	9,223
Total assets	<u>\$ 195,379</u>	<u>\$ 3,662</u>	<u>\$ 12,802</u>	<u>\$ 211,843</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Due to other funds	\$ -	\$ -	\$ -	\$ -
<b>Fund Balances</b>	<u>195,379</u>	<u>3,662</u>	<u>12,802</u>	<u>211,843</u>
Total liabilities and fund balances	<u>\$ 195,379</u>	<u>\$ 3,662</u>	<u>\$ 12,802</u>	<u>\$ 211,843</u>

# Hartford Township

## Special Revenue Funds Combining Statement of Revenue, Expenditures and Changes in Fund Balances Year Ended March 31, 2003

	Road	Cemetery Maintenance Memorial	Liquor Enforcement	Total
<b>Revenue</b>				
Taxes	\$ 67,222	\$ -	\$ -	\$ 67,222
State sources	-	-	1,004	1,004
Total revenue	67,222	-	1,004	68,226
<b>Expenditures</b>				
Highways and street	164,543	-	-	164,543
Other	-	-	749	749
Total expenditures	164,543	-	749	165,292
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	(97,321)	-	255	(97,066)
<b>Other Financing Sources</b>				
Transfers in	65,664	-	-	65,664
<b>Excess (Deficiency) of Revenue and Other Sources Over Expenditures</b>	(31,657)	-	255	(31,402)
<b>Fund Balances - Beginning of year</b>	227,036	3,662	12,547	243,245
<b>Fund Balances - End of year</b>	<u>\$ 195,379</u>	<u>\$ 3,662</u>	<u>\$ 12,802</u>	<u>\$ 211,843</u>

# Hartford Township

## Trust and Agency Funds Combining Balance Sheet March 31, 2003

	Non- expendable Trust Fund	Agency Funds		
	Cemetery Trust	Trust and Agency	Tax Collection	Total
<b>Assets</b>				
Cash and cash equivalents	<u>\$ 24,930</u>	<u>\$ 18,492</u>	<u>\$ 12,909</u>	<u>\$ 56,331</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Due to other funds	\$ -	\$ 3,082	\$ -	\$ 3,082
Due to other governmental units	<u>-</u>	<u>15,410</u>	<u>12,909</u>	<u>28,319</u>
Total liabilities	-	18,492	12,909	31,401
<b>Fund Balance</b>				
Reserved for perpetual care	<u>24,930</u>	<u>-</u>	<u>-</u>	<u>24,930</u>
Total liabilities and fund balance	<u>\$ 24,930</u>	<u>\$ 18,492</u>	<u>\$ 12,909</u>	<u>\$ 56,331</u>